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Central Intelligence Agency



Washington, D.C. 20505

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The Honorable James C. Miller III  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Jim:

In accordance with Office of Management and Budget (OMB) Circular No. A-19 (revised), I am submitting proposed legislation for your advice as to whether it is in accordance with the President's program. Enclosed are ten copies of the proposed "Intelligence Authorization Act, Fiscal Years 1988 and 1989," with accompanying draft letters of transmittal to the President of the Senate and to the Speaker of the House of Representatives.

The Fiscal Year 1988-89 Intelligence Authorization Act was identified as proposed number 100/1-1 in the CIA and Intelligence Community Legislative Program for the First Session of the One Hundredth Congress, which was forwarded to your office with the consolidated National Foreign Intelligence Program Budget. The bill is drafted to cover two fiscal years in accordance with Administration policy in this regard and the Fiscal Year 1986 DoD Authorization Bill requiring the submission of a two-year DoD Authorization Bill.

We have made an effort to include a number of provisions in the Authorization Bill that were endorsed in the President's Report on Counterintelligence and Countermeasures. Specifically, we included the following five proposals that were in the report: an amendment to strengthen the Espionage Training Disclosure Act, authority for the Secretary of Defense to establish proprietaries, FBI access to tax records for counterintelligence purposes, clarification of the Agency's authority to deal with employee drug and alcohol abuse, and a provision protecting the finding of security clearance determinations.

In addition to the above provisions, a number of other legislative proposals in the proposed Fiscal Year 1988-89 Intelligence Authorization Act either were contained in last year's authorization bill as submitted to Congress or expanded somewhat upon provisions enacted last year. Section 404 (the special drug and alcohol abuse provision) and Title V of the bill (the Department of Defense's Proprietary Legislation) all were included in last year's bill. Sections 603, 606 and 607 of the bill would make permanent the

authority granted in the last two years to DoD and DIA to terminate civilian intelligence officers and to make cash awards to members of the Armed Forces assigned to foreign intelligence duties.

The bill also provides for various new personnel benefits for DIA and NSA employees. Specifically, DIA will be given expanded authority to pay death gratuity to survivors of military and civilian officers in Defense Attache Offices; pay higher allowances for uniforms; exclude allowances from being included in the computation of gross income for income tax purposes; and withhold release of organizational and personnel data. NSA will be given the authority to exclude allowances from being included in computation of gross income; promulgate standards for the procurement and use of cryptographic equipment; provide college tuition assistance for students at the graduate level; transport remains of employees who die while on a rotational tour of duty in the U.S. to the homes or official stations of the employees; allow an advance of up to three months of pay to an employee reassigned for permanent duty to a new post of duty within the U.S.; and extend to the NSA Senior Cryptographic Service certain retroactive pay benefits already awarded to the SES and the SIS in a relatively-recent court case.

I also call to your attention the proposal by the FBI to access tax information in connection with a counterintelligence investigation. I believe this is a worthwhile proposal that would significantly strengthen our counterintelligence capabilities if enacted. Last year, the proposal was dropped from the draft version of the Authorization Bill because of objections raised by the IRS to the sharing of tax return information. Given the importance of this measure and the Presidential endorsement of the proposal, I believe an extra effort should be made to resolve the differences between IRS and the FBI on this issue.

I would be most appreciative of your assistance in securing prompt clearance of this proposed legislation.

Sincerely,



Robert M. Gates  
Acting Director of Central Intelligence

Enclosures:  
as noted

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Next 71 Page(s) In Document Denied